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UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
[Sacramento Division]

In re:

CALIFORNIA COMMUNITY  
COLLABORATIVE, INC.,

Debtor.

Case No. 14-26351-C-11  
Docket Control No. MHK-13

Date: April 22, 2015  
Time: 10:00 a.m.  
Dept: C (Courtroom 35)  
Hon. Christopher M. Klein

**DECLARATION OF MERRELL G. SCHEXNYDRE IN SUPPORT OF DEBTOR'S  
MOTION FOR APPROVAL OF POST-PETITION SECURED FINANCING**

I, Merrell G. Schexnydre, hereby declare:

1. I am over eighteen years of age. The following is true of my own  
knowledge and, if called as a witness, I could and would competently testify hereto.

2. I am the president of California Community Collaborative, Inc., as debtor  
in possession (the "Debtor"). As the Debtor's president, I have personal knowledge of  
the Debtor's business books and records, including books and records regarding the  
Debtor's business operations, assets, income, and expenses.

3. I am informed that the above-captioned chapter 11 case was initiated on  
June 17, 2014. The Debtor is a California corporation that is engaged in the business  
of owning and operating real property commonly known as 655 West 2nd Street, San  
Bernardino, California (the "Real Property") as an income-producing property.

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1       4. The Real Property is improved with a two-story office building with about  
 2 88,000 square feet of rentable space. Currently, about 26,200 square feet on the  
 3 second floor of the Real Property are under lease to the Judicial Council of California  
 4 ("Council")

5       5. The Debtor has entered a written Standard Multi-Tenant Office Lease -  
 6 Gross dated March 11, 2015 and Addendum to Lease (collectively, the "Lease"), which  
 7 names the Debtor as lessor and Rex and Margaret Fortune School of Education, a  
 8 public non-profit benefit corporation ("Fortune") as lessee in regard to approximately  
 9 39,000 square feet of space at the Real Property. The term of the lease runs from  
 10 August 1, 2015 through July 31, 2025.

11       6. As of the Petition Date, when the Real Property had an occupancy rate of  
 12 about 30%, my research indicated that the value of the Real Property was  
 13 approximately \$12,000,000. Based on my own experience in the leasing market in  
 14 San Bernardino County and on discussions with potential lenders and with the Debtor's  
 15 broker, I estimate the value of the Real Property will be no less than \$15,000,000  
 16 when Fortune takes possession of the space described in the Lease. This figure, which  
 17 I believe to conservative, is based on an income approach to valuation and on  
 18 comparable sales.

19       7. In order to consummate the Lease, certain leasehold improvements must  
 20 be made to the space at the Real Property that is to be leased by Fortune. Under the  
 21 Lease, Fortune is to obtain construction of such improvements, but the Debtor is to  
 22 provide a cash allowance to Fortune, not to exceed the amount of \$1,755,000, for  
 23 payment of the costs of the improvements (the "Tenant-Improvement Allowance").  
 24 Under the Lease, the Tenant-Improvement Allowance is to paid out according to a  
 25 stated schedule.

26       8. The only financing that I have been able to obtain for the Debtor is  
 27 secured financing. To the best of my knowledge, such financing on an unsecured  
 28 basis, including as an administrative priority, is not available, because such financing is

1 customarily secured by a security interest in the real property to be improved.

2       9. Triwest Financial Group, of San Diego, California ("Triwest") has agreed  
3 to broker financing for the Debtor in the amount of \$2,200,000, under the terms and  
4 conditions that are set forth in loan documents proposed by Triwest that consist of a  
5 proposed Promissory Note and the Deed of Trust (collectively, the "Loan Documents").  
6 A true and correct copy of the Loan Documents, which are business records of the  
7 Debtor kept in the ordinary course, are submitted herewith collectively as Exhibit 1.  
8 The Loan Documents set forth the terms and conditions for financing that I negotiated  
9 with Triwest, on behalf of the Debtor.

10     10. If the Debtor obtains the contemplated financing, the proceeds will be  
11 used to fund the Tenant-Improvement Allowance, and also to fund ongoing monthly  
12 payments of interest at the nondefault contract rate to California Bank and Trust (the  
13 "Bank"), which holds the first deed of trust against the Real Property to secure a claim  
14 in the amount of approximately \$9,600,000. Submitted herewith as Exhibit 2 is a true  
15 and correct copy of a spreadsheet that I prepared to set forth the Debtor's ongoing  
16 projected revenues and expenses, including monthly contract-rate interest payments to  
17 the Bank and monthly contract payments to Triwest, along with amounts that would be  
18 made available for disbursement on allowed unsecured claims in the Debtor's chapter  
19 11 case, for an eighteen-month period beginning with the month of receipt of the loan  
20 proceeds.

21     11. I believe that the terms for financing offered by Triwest are the best that  
22 can be obtained. The loan proceeds will enable the Debtor to meet the Tenant-  
23 Improvement Allowance and to maintain ongoing payments to the Bank. In connection  
24 with the Debtor's Motion to Continue to Use Cash Collateral and with a forthcoming  
25 Plan of Reorganization for the Debtor, I have carefully projected the Debtor's revenues  
26 and expenses for the period following the funding of such a loan, and such revenue,  
27 coupled with the funds to be borrowed by way of the Triwest loan, will permit the  
28 Debtor to meet its ongoing business expenses and expenses related to the Real

1      Property, to make ongoing monthly payments to the Bank and Triwest, and to make  
2      ongoing property-tax payments as agreed. When Fortune takes possession of the  
3      leased space and when rents have been paid by Fortune along with the existing tenant,  
4      I project that within eighteen months the Debtor will be in a position to refinance the  
5      Real Property to pay the existing loans in full and pay allowed claims in the Debtor's  
6      chapter 11 case.

7            I declare under penalty of perjury that the foregoing is true and correct, and that  
8      this declaration was executed at Granite Bay, California on the date set forth below. As  
9      to those matters set forth above which are based on information and belief, I believe  
10     them to be true.

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Dated: 3/25/15

Merrell G. Schexhyde  
Merrell G. Schexhyde

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